

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 SS-15 NSC-05 L-03

H-02 PA-01 PRS-01 USIA-06 /088 W
----- 097089

R 271711Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9150

INFO ALL EC CAPITALS 828

AMEMBASSY BERN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

C O N F I D E N T I A L EC BRUSSELS 05830

E.O. 11652: ADS, DECLASSIFY JAN 1, 1978

TAGS: EFIN, EEC

SUBJECT: SWISS ENTRY INTO THE SNAKE--SWITZERLAND DECIDES TO
INDICATE ITS CONTINUED INTEREST

REF: A. EC BRUSSELS 5626, EC BRUSSELS 5471, C. BERN 2563

1. EBGIN SUMMARY: THE SWISS ARE INDICATING TO THE COMMUNITY
THEIR CONTINUED DESIRE TO BECOME ASSOCIATED WITH THE SNAKE.
IN A DEMARCHE TO MEMBER STATES AND THE COMMISSION, THE GOS
REBUTS FRENCH CLAIMS THAT SWISS ASSOCIATION WOULD NOT BE IN
THE EC'S INTERESTS. DESPITE THIS INITIATIVE, IT WILL LIKELY
BE SOME TIME BEFORE THE SWISS ARE ABLE TO JOIN THE SNAKE.
END SUMMARY

2. SWISS PERM DEL OFFICIALS HAVE RECEIVED INSTRUCTIONS TO
MAKE A DEMARCHE TO ALL THE MEMBER STATES AND EC COMMISSION
TO EMPHASIZE CONTINUED SWISS INTEREST IN ENTERING THE SNAKE.
THIS DEMARCHE DOES NOT REPRESENT A FORMAL REQUEST FOR ENTRY
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BECAUSE THE GOS WANTS TO AVOID A DIRECT CONFRONTATION WITH

FRANCE. THE FRENCH HAVE ASKED THE SWISS TO CHANGE CERTAIN TAX AND BANK SECRECY LAWS AS A CONDITION TO THEIR ENTRY (SEE REF B).

3. THE SWISS WANT TO SUPPORT THE FRG'S AND DUTCH EFFORTS TO OBTAIN SWISS ENTRY. THE SWISS INITIATIVE IS TO DISPEL RUMORS THAT THE GOS IS NOT SERIOUSLY INTERESTED IN ASSOCIATION WITH THE SNAKE. THE SWISS WANT THEIR INTENTIONS TO BE CLEARLY UNDERSTOOD BEFORE THE EC FINANCE MINISTERS' MEETING ON JULY 10 AT WHICH TIME SWISS ASSOCIATION IS LIKELY TO BE DISCUSSED.

4. IN THEIR DEMARCHE, THE SWISS ANSWER SEVERAL CONCERNS EXPRESSED BY THE FRENCH AND OTHERS. THE GOS SAYS THAT THE SWISS FRANCE IS NOT LIKELY TO CAUSE AN APPRECIATION OF THE SNAKE'S CENTRAL RATE. THE SF IS ALREADY AT TOO HIGH A LEVEL FOR SWISS EXPORTS AND THE GOS WILL STRIVE TO PREVENT IT FROM APPRECIATING FURTHER. THE SWISS ADD THAT THEIR ASSOCIATION WILL STRENGTHEN EUROPEAN ECONOMIC AND MONETARY COOPERATION, NOT DETRACT FROM IT AS SOME HAVE CHARGED. ASSOCIATION WILL ALSO ENLARGE THE ZONE OF STABLE EXCHANGE RATES, WHICH HAS BEEN A GOAL OF EC MONETARY INTEGRATION. THE SWISS PLAN TO ENLIST THE COMMISSION'S SUPPORT BY INDICATING THEIR WILLINGNESS TO COOPERATE WITH THE COMMUNITY AND TO HAVE OTHER MEMBER STATES JOIN THE SNAKE. THEY ARE ALSO POINTING OUT THAT SWISS ENTRY WILL HELP COUNTER-BALANCE THE DOMINANT DM ROLE IN THE SNAKE. THIS HAS BEEN A GROWING CONCERN OF SOME COMMISSION OFFICIALS.

5. THE SWISS DEMARCHE REFLECTS SOME IRRITATION TOWARD THE FRENCH. THE SWISS BELIEVE THE FRENCH CONCERNS ARE NOT JUSTIFIED AND ARE AIMED PRIMARILY AT BLOCKING THEIR ASSOCIATION. THE GOS IS PREPARED TO DISCUSS MONETARY AND EXCHANGE RATE CONDITIONS BUT REJECT THE FRENCH DESIRE TO MODIFY SWISS LAWS. INDIRECTLY THE FRENCH HAVE SUGGESTED THAT A BILATERAL DEAL MIGHT BE WORKED OUT WITH THE SWISS BUT GOS OFFICIALS HERE SAY THEY WILL NOT CONSIDER SUCH A DEAL.

6. COMMENT: SWISS OFFICIALS HERE SAY THAT THE DEMARCHE REPRESENTS A GOS POLICY DECISION TO SEEK ASSOCIATION WITH THE SNAKE. DESPITE THEIR EFFORTS, SWISS OFFICIALS ARE NOT OPTIMISTIC OVER THEIR CHANCES OF PROMPT ENTRY. FRENCH AND BELGIAN PERM DEL SOURCES INDICATE THAT THERE IS CONSIDERABLE OPPOSITION TO

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SWISS ASSOCIATION. THESE SOURCES BELIEVE THAT IT WILL TAKE SOME TIME TO WORK OUT SATISFACTORY ENTRY CONDITIONS. NEVERTHELESS, THE GOS HAS NOW DECIDED TO SHARPEN THE ISSUE BY CLEARLY STATING ITS DESIRES. END COMMENT. GREENWALD

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